



Land Acquisition Revolving Loan Program Frequently Asked Questions

(Last updated 10/10/2023)

Question: The parcel of property under consideration has an existing house/commercial building/structure on it that we want to repurpose into a common space or other non-housing amenity for the proposed housing development. Can we use LAP to purchase this site?

Answer: LAP funds cannot be used to purchase any structures, or any land that will be used for any other purpose other than for new affordable housing construction. However, exceptions have been made to allow applicants to layer additional funding from outside sources with LAP funds for the purchase of a property if an appraisal is provided with a value for the land only. This means that the appraisal does not include the value of any structures or that the appraisal states that the structures have no value. LAP funds would be able to pay for up to 90% of the value of eligible land, with the difference between the purchase price and eligible land value being the responsibility of the applicant to fund outside of LAP.

Question: Can a non-profit organization create a Special Purpose Entity (SPE) to hold the land purchased via LAP?

Answer: No, the only organizations eligible to apply and receive a Land Acquisition Loan are listed in section 1(A), Purpose.

Question: Would a Letter of Intent suffice for a LAP application? They have worked for NOFAs and other funding offerings at other jurisdictions.

Answer: No, a binding contract (I.E. a purchase and sales agreement or purchase option) is required for OHCS to move an application forward for Finance Committee approval and loan document preparation.

Question: Our organization purchased some land last year. Can we create the single asset entity for developing the project and use LAP funds to “purchase” the property and pay off the loan used to originally pay for the land?

Answer: No, that’s not an allowable use for LAP funds. Please see section 1(B)(6)(A), Other LAP Criteria and Requirements: Purchase Sale Agreements.

Question: Can the LAP loan be utilized for property due diligence and/or design feasibility, in the case where a property does not yet need to be acquired?

Answer: No, that’s not an allowable use for LAP funds. Please see section 1(B)(6)(A)-1(B)(6)(C).

Question: The LAP Program Manual references the two-step application process, starting with a pre-application. Is that still the case, and we are waiting for the LAP pre-app to be posted? OR do we use the old Application and Checklist currently on the LAP webpage?

Answer: The pre-application for LAP is posted on the LAP webpage. The narrative responses from the Manual should be provided in separate word documents.

Question: What is a cost reimbursement agreement?

Answer: This is an agreement between parties in a construction project that guarantees the owner reimburses the contractor for costs incurred while they work on a project.

Question: How long will it take to get through the loan process—from loan application through review/approval and loan closing?

Answer: This is intended to be a faster moving process than a competitive application process. It will take approximately 60-90 days from application approval to closing if there are no unusual situations associated with the application.